ETHEKWINI ECONOMY *'AT A GLANCE'*

APRIL 2019

GLOBAL STATE OF THE ECONOMY

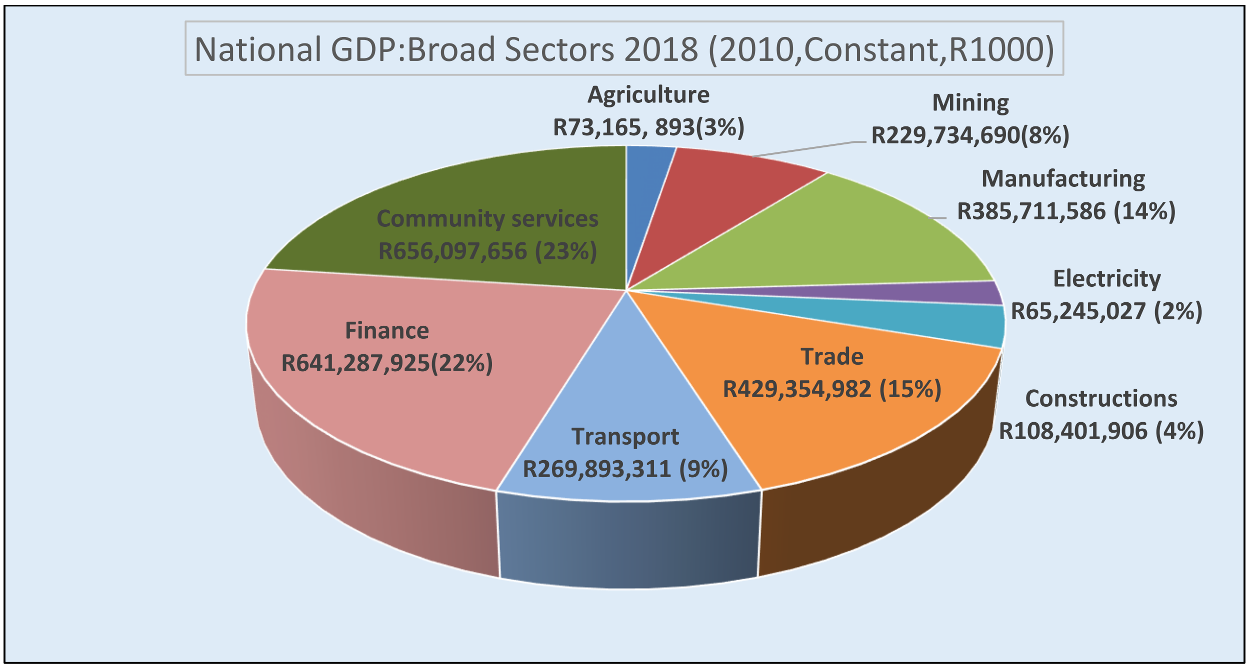
	IMF	World Bank	OECD
Projected GDP Growth 2019	3.3%	2.9%	3.5%
2018 GDP Growth	3.6%	3.0 %	3.7%
Projected GDP Growth 2020	3.6%	2.8%	3.5%

GLOBAL HIGHLIGHTS

Global Economic Highlights	Sub-Saharan Africa economic highlights
After strong growth in 2017 and early 2018, global economic activity has slowed in the second half of 2018 due to a combination of factors affecting major economies: China's growth has declined due to trade tensions with US, the Euro economy lost momentum as consumer confidence weakened and car production in Germany was disrupted by the introduction of emission standards. The trade tensions has impacted negatively on business confidence in both developed and emerging economies. *(https://www.imf.org/en/Publications/WEO/Issues/2019/03/28/world-economic-outlook-april-2019#Full%20Report%20and%20Executive%20Summary)*	According to the *Africa's Pulse Report*, growth in Sub-Saharan Africa is estimated to have decelerated from 2.5% in 2017 to 2.3% in 2018, below the rate of growth of population for a fourth consecutive year. This slowdown was more pronounced in the first half of 2018 and it reflected weaker exports among the region's large oil exporters (Nigeria and Angola) due to dwindling oil production amid higher but volatile international prices for crude petroleum. A deeper contraction in Sudanese economic activity and a broad-based growth slowdown among non-resource-intensive countries also played a role. Regional and sub-regional economic organizations are promoting economic cooperation and addressing security and peace challenges that go beyond national borders. *Africa's Pulse* argues that the digital economy can unlock new pathways for inclusive growth, innovation, job creation, service delivery and poverty reduction in Africa. The continent has made great strides in mobile connectivity; however, it still lags the rest of the world in access to broadband. Only 27% of the population in the continent have access to internet, few citizens have digital IDs, businesses are slowly adopting digital technologies and only few governments are investing strategically in developing digital infrastructure, services, skills, and entrepreneurship. *(https://openknowledge.worldbank.org/handle/10986/31499)*

NATIONAL STATE OF THE ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth for 2019	1.7%	1.2%	1.3%	1.7%
Projected GDP Growth for 2020	2.0%	1.7%	1.3%	1.8%
2018 GDP/Growth	R3.14 trillion (Constant, 2010 Prices, **forecasted** , sourced from *Global Insight*)			



Source: Global Insight 2018

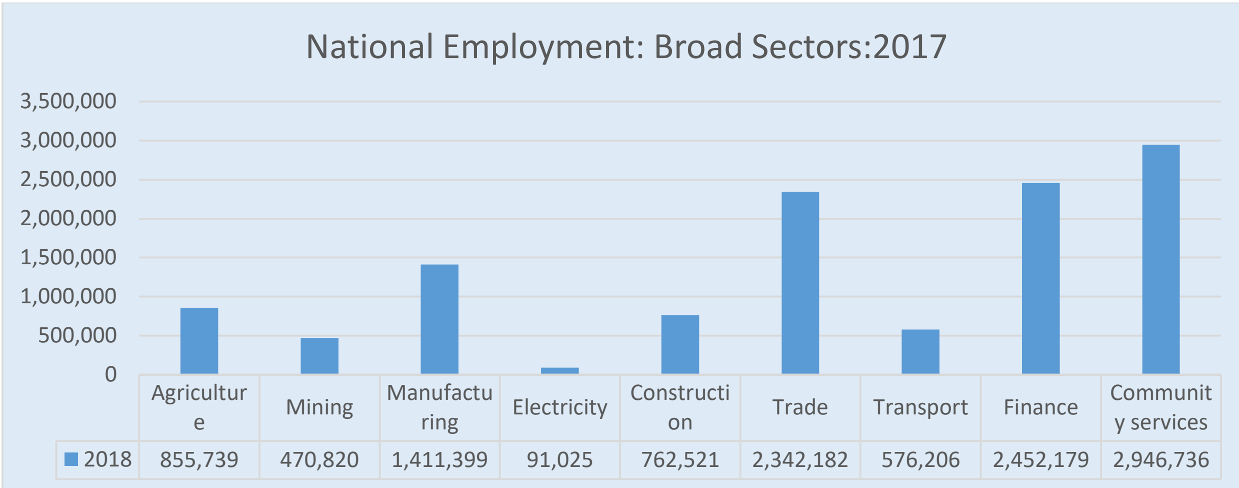
NATIONAL HIGHLIGHTS

PMI down to a 5-month low	Government Finance Update	Rio Tinto investment in Richards Bay	SA wins investment award
The ABSA Manufacturing purchasing managers index (PMI) dropped to a 5-month low in March to 45 points from 46.2 points in February. This is the 3rd consecutive contraction in manufacturing activity. This was attributed to weaker demand and	In February, the main budget balance was a surplus of R10.9bn, following a deficit of R60.3bn in January. Compared to February 2018, the budget surplus was just under half of this. In the fiscal year so far, April 2018 – February 2019, the deficit amounted to R212.6bn versus R203.0bn in the corresponding period of the 2017/18 fiscal year.	Global mining company Rio Tinto has invested US$463-million in the expansion of its Richard Bay Minerals (RBM) operations. – Through the construction of the Zulti South project to sustain RBM's current capacity and extend its mine life. *(SANews, 10th April 2019)*	SA won the Investment Promotion Award at the 2019 Annual Investment Meeting (AIM) in Dubai. AIM is the world's leading foreign direct investment (FDI) platform. The award was in recognition of Invest SA facilitating the most innovative and digitally orientated investment projects for 2018. Invest SA has held targeted investment drives geared at growing uptake and usage of digital

frequent load-shedding. Presently manufacturing constitutes 12% of the country's GDP. *(Mercury, 2nd April 2019)*	The surplus in February 2019 was due to a combination of stronger revenues and a moderation in expenditure compared to January 2019. The recent electricity supply shortages and weakening global growth have increased the downside risks to South Africa's economic growth outlook. 2019 economic growth could fall short of National Treasury's forecast of 1.5% which in turn implies worsening fiscal ratios. *(http://www.investec.com/en_za/economic.html)*		services that will support ICT-enabled solutions across South African industrial sectors. *(SANews, 10th April 2019).*

NATIONAL KEY INDICATORS

INFLATION RATE / NATIONAL EMPLOYMENT	PETROL PRICE	EXCHANGE RATES	VEHICLE SALES	QUARTERLY GDP
CPI inflation lifted to 4.5% y/y in March from 4.1% y/y in February. *(https://tradingeconomics.com/south-africa/inflation-cpi)* National employment in the 4th Quarter of 2018 was recorded as 16,529 million up by 0.9% from the previous quarter *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)*	**93 Octane**: R16.67 **95 Octane**: R16.49 **0.05% Diesel**: R14.89 As at 1st May 2019 *(https://www.enca.com/south-africa/petrol-price-to-increase)*	Rand/Dollar: 14.4672 Rand/Pound: 18.8720 Rand/Euro: 16.2073 As at 2th May 2019 *(Mercury, 2nd May 2019)*	**New Car Sales Summary - March 2019** Aggregate new car sales of 47 718 units down by 3.1% (-1 512 units) compared with March 2018. New passenger car sales of 30 348 units down by 5.6% (-1 805 units) compared with March 2018. LCV sales of 14 994 units up by 1.9% (+275 units) compared with March 2018. Export sales of 37 296 units up by 23.7% (+7 135 units) compared with March 2018. *(http://cars.co.za/motoring_news/new-car-sales-in-sa-march-2019/46439/)*	National GDP grew by 1.4% in the 4th quarter of 2018. *(https://tradingeconomics.com/south-africa/gdp-growth)*

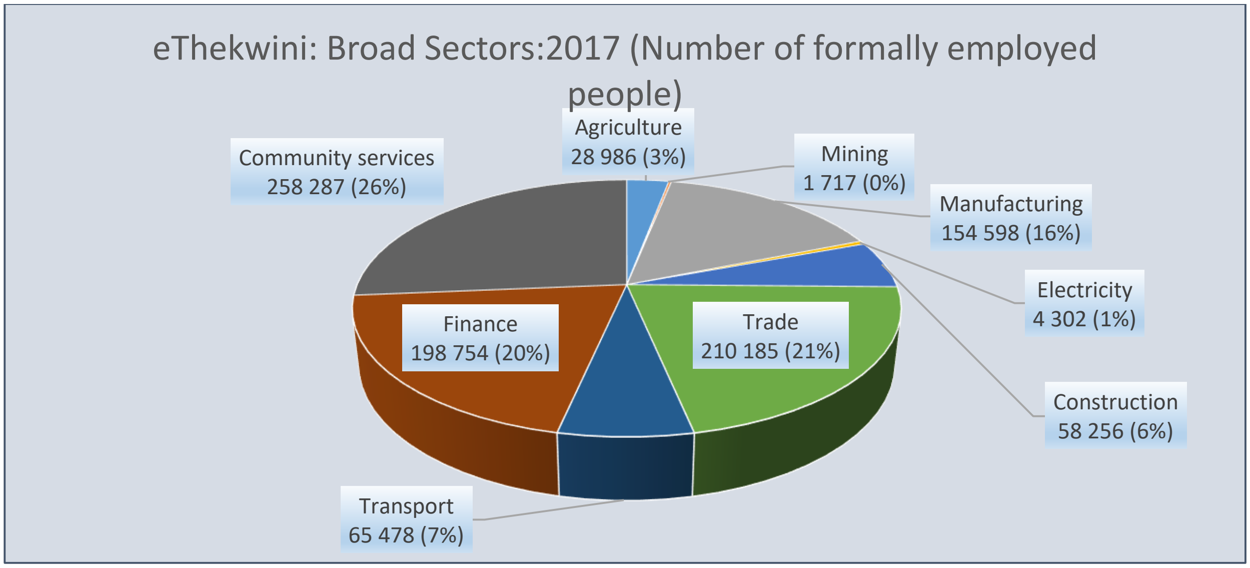


Source: Global Insight 2018

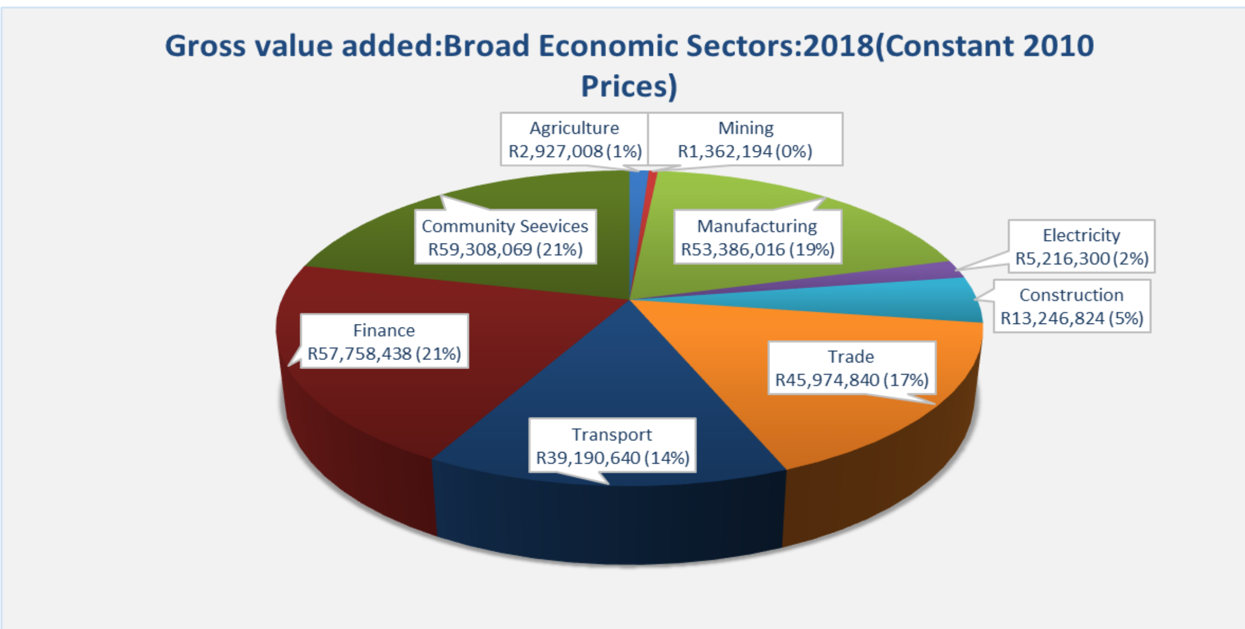
LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION	**TOTAL EMPLOYMENT**	**Q4:2018 UNEMPLOYMENT INCREASED TO 21.8%**	**Development Indicators for 2017**	**ANNUAL TRADE 2017**
R306.2 billion **forecasted** for 2018. *(Global Insight updated database)* The eThekwini population was recorded as 3,866,505 in 2017 according to Global Insight (Increased by 1.4%) ***(Global Insight internal database)***	Formal Sector employment recorded as approximately 1,179 million according to the 4th Quarterly Labour Force Survey in 2018 according to Statistics South Africa. This represented decrease of 2.7% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter2018.pdf)*	The City's quarterly unemployment rate increased by 3.6 percentage points to 21.8% from 18.2% in the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)*	Human Development Index: **0.67** Gini coefficient: **0.63** Functional Literacy: Total illiterate: **345,146** Total literate: **2,577,044** *(Source: Global Insight)*	Total Exports: R72.7 billion (Increased by 1.6%) Total Imports: R105.5 billion (Increased by 0.75%) *(Global Insight internal database)*



Source: Global Insight 2018



Source: Global Insight 2018

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

Cogta Minister to addresses SEZ Conference	EThekwini secures R65m market deal for Agribusiness	Africa's Travel Indaba to boost Durban tourism
Cooperative Governance and Traditional Affairs (Cogta) Minister Zweli Mkhize addressed the Special Economic Zones (SEZ) conference hosted by the Department of Trade and Industry (dti) at the Inkosi Albert Luthuli Convention Centre in Durban. Mkhize explained the role of municipalities in promoting economic development and Special Economic Zones. The conference brought together the three spheres of government and business to discuss the SEZ programme and the acceleration of industrialisation and job creation. The meeting was attended by national, provincial and local government; State-owned entities; SEZ entities and operators; industry associations; industry experts; academics; international investment communities and local businesses as well as multinational corporations. *(SANews.gov.za, 4th April 2019)*	The eThekwini Municipality's Agribusiness Department secured a R65 million market deal in order for local farmers to supply their products to government departments. Mayor Zandile Gumede made the announcement at the eThekwini Agribusiness Access to Markets launch, held at the Durban City Hall during April 2019. *(Media Monitoring Report, 5th April 2019)*	The hosting of Africa's Travel Indaba is projected to significantly boost the city's economy via both direct and indirect spend generated by the event. The city is expecting to receive 7,000 visitors, with an anticipated direct spend of R40-million and an estimated contribution to the city's GDP of R80-million. The city's hospitality and retail sectors will be equally affected by the influx of buyers, exhibitors and visitors during 2-4th May 2019. *(SANews, 5th April 2019).*

LINKS TO ECONOMIC REPORTS

Name	Description	Link
The Global State of Democracy 2018	The International Institute for Democracy and Electoral Assistance (International IDEA) published the first edition of *The Global State of Democracy in 2017.* The theme for this edition was 'Exploring democracy's resilience'. With South Africa's elections around the corner, we would like to point you to the 6th chapter of the report, called *'Mind the gap: Can democracy counter inequality?'*	https://gallery.mailchimp.com/269d03e82d31aba2461044c20/files/25d3d2c9-e995-4747-8194-9a44e2d9ce27/IDEA_GSOD_2017_CHAPTER_6_EN.pdf

EThekwini Economy at a glance: Policy Strategy Information & Research Dept. (PSIR): ref denny.thaver@durban.gov.za

Although care has been taken to source the most up-to-date information for this edition, new information may come on stream during the editing, layout and printing of the *'Economy at a Glance'* publication and it may not be possible to update.

CATALYTIC PROJECTS (updated as new information received from Catalytic Projects Unit)

CATALYTIC PROJECTS AT IMPLEMENTATION STAGE		
Project	**Description**	**Status/Progress**
Point Waterfront	One of the key catalytic projects in the city – and also forms part of the City's initiative to redevelop and regenerate the inner-city. The first phase commenced in 2017 and relates mostly to the provision of infrastructure. The balance of the project will cover a 10-15-year horizon at between R30-R35 billions of public/private sector investment. When completed, the development will create 6,750 permanent jobs and provide 11,000 construction jobs with an annual rates contribution of R200 million.	**Implementation by eThekwini Metro, in conjunction with a private developer** Construction of Bulk Infrastructure to support Phase 1 of development underway (includes promenade & bulks). The city has spent R138 million to date, with a projected year-end-expenditure of R220 million. The Promenade to be completed November 2019. The water mains construction is currently at tender evaluation stage, work will commence in April 2019 and completion anticipated in September 2020. The value of the contract is estimated R240 million
Rivertown precinct upgrade	The proposed Rivertown precinct lies to the east of Durban CBD, between the City's ICC and Durban Beachfront. The development entails a mixed-use precinct which includes providing linkages between ICC and Durban beachfront, providing opportunities for private galleries, small theatres, restaurants and other entertainment venues, promoting residential densification through social and market related housing, developing a cultural precinct that offers local and international tourists the experience of clothes, food and leisure unique to KwaZulu-Natal.	**Implementation by eThekwini Metro** Construction tender is at evaluation stage, work will commence in April 2019 for the upgrading of the Rivertown precinct intersections upgrade, construction of 28 000m^2 sidewalks with pavers finishes, sandblasting and marking of parking bays, storm water inlets, and landscaping. The completion date is February 2021. The value of the contract is R44 million. An amount of R1.8 million, R37 million and R5.2

		million to be spend for 2018/19/20/21 financial years
	CATALYTIC PROJECTS AT IMPLEMENTATION STAGE	
Project	**Description**	**Status/Progress**
Ntshongweni Mixed use development	The Ntshongweni Mixed Use development is strategically located at the N3 and Kassie road interchange and forms part of the SIP2 corridor between Duran-Free State-Gauteng logistic and industrial corridor. The 2000-hectare precinct is a mixed development intended to create a new economic hub in Durban's Outer West area. The precinct development will include lifestyle and tourism based development, new lifestyle estates, high quality office and business parks, freight and logistics, gold, equestrian and leisure facilities.	**Implementation by Private Developer, in conjunction with eThekwini Metro** The urgent infrastructure expected to support the development entails upgrading of Kassier road, electricity substation, water and wastewater treatment works upgrading. Construction work for the upgrading of Kassier road is anticipated to commence in April 2019, with a value of approximately R260 million. The value for the upgrading of electricity, sewer and water infrastructure is approximately R69 million. The infrastructure work will be completed in 2021.
Dumisani Makhaye Development (MIDWAY CROSSING MALL DEVELOPMENT)	The development entails a Shopping Centre with a floor area of 21000 square metres, will accommodate a Sizakala Centre and Municipal Services centre (Library and Clinic). The Shopping Centre will be the first mall with a fully integrated Go! Durban feeder facility and Go! Durban safety & security centre, with an improved linkage between the Lindelani Community and Newlands community. Approximately 300 construction jobs over 18 months will be created as well 100 seasonal and permanent jobs during operational stage.	**Implementation by Private Developer, in conjunction with eThekwini Metro.** The EThekwini Electricity Department is currently in the process of relocating Electrical power lines (Pylons) that cross over the site, the expected completion date for this work is 15th February 2019. Thereafter construction work at the site will commence, which is anticipated from April 2019. The total budget for the development is R744 million, with eThekwini contributing R341 million and the private sector contributing R407 million.

		The work will be completed in 2022.
CATALYTIC PROJECTS AT IMPLEMENTATION STAGE		
Project	**Description**	**Status/Progress**
Cornubia	Cornubia Shopping Mall is an 85,000m² regional shopping centre that offers a mix of food, fashion, lifestyle and sports, which are all integrated into an outdoor family-orientated shopping experience in KwaZulu-Natal. The centre is strategically located within 1km from the Umhlanga/Mount Edgecombe interchange and is directly connected to the New Umhlanga Town Centre. It has great visibility and is easily accessible from the from N2 highway, the M41 and Cornubia Boulevard.	**Implementation by Private Developer, in conjunction with eThekwini Metro** Currently under development, with approximately 30% of the planned precincts already complete including Phase 1 housing, an industrial and business estate, a business hub and major infrastructure. Filling station and offices under construction Road contract (C9 Corridor) as part of IPTN is also under construction by ETA.
Dube TradePort	The Dube TradePort has attracted over R1.4-billion investment to date. Dube TradeZone has secured Samsung Electronics; Amsted Reelin, Rossi SA, Ukuphanta and DB Schenker. The latest business to locate at the TradeZone is Yangtze Optics Africa Cable and Cipla Biotec. Planning is underway for Dube TradeZone 2, as well as Dube AgriZone Phase 2. The Tradeport will eventually provide 150,000 permanent jobs with a total rates contribution of R180 million annually. The complete investment value is R13 billion.	**Implementation by Dube Trade Point, in conjunction with eThekwini Metro** Bulk earthworks and plat forming in progress Installation of internal services is underway
Keystone	The 152-hectare, R6.5-billion Keystone Park Light Industrial Warehousing and Logistics Precinct is currently being developed by	**Implementation by Private Developer, in conjunction with eThekwini Metro**

	Keystone Park CC, located immediately adjacent to the N3 Hammarsdale interchange. Development activity commenced during January 2015 with the 15,000m^2 Malda Pack facility having started business operations; Mr Price's new 60,000m^2 National Distribution Centre has been completed, with the construction of Pepkor's new 85,000m^2 Distribution Centre completed in December 2017. Several further significant top-structure projects are in the final stages of being packaged. This regional catalytic development will generate substantial employment opportunities including around 3,500 temporary construction jobs at peak and approximately 6,500 permanent employment opportunities and annual rates of R2 million when fully completed.	Electricity: New permanent Eskom supply cables installed. Water & Western Aqueduct Link: Water infrastructure being delivered through the Western Aqueduct link. MR385: Discussion between DoT, the Developer and eThekwini Municipality underway to upgrade MR385.
CATALYTIC PROJECTS AT IMPLEMENTATION STAGE		
Project	**Description**	**Status/Progress**
Clairwood Logistics Park	This R4.5 billion logistics park is aimed at supporting the logistics, commercial and surrounding light industrial developments in the broader South Durban Basin.	**Implementation by Private Developer, in conjunction with eThekwini Metro** Earthworks, environmental off-sets and Warehouse completed for Phase 1. Awaiting approval of building plans for Phase 2, which will include a second warehouse. Construction will take about 8 months once building plans have been approved.

CATALYTIC PROJECTS AT PLANNING STAGE		
Project	**Description**	**Status/Progress**
Centrum Site	The development of the Durban Centrum entails a mixed-use precinct of IRPTN[1] and ICDS[2] bus stations, a new super basement parking garage with public service buildings, integrated with high-density residential, hotel, retail and commercial development. The 28-hectare site comprises the largest single area of the central city and provides the potential for comprehensive redevelopment. It is expected that this site will complement the adjoining central business district while trying to preserve the city's heritage in terms of its historic buildings. The total investment value is R9.4 billion to provide 3,350 construction and 1,350 permanent jobs with an annual rates contribution of R67 million.	**Implementation by eThekwini Metro** Specialist technical feasibilities complete. The SCM process to appoint a Programme Manager and professional team is at evaluation stage. Appointment is expected to be concluded by March 2019. Steering committee is engaging various internal stakeholder regarding the development of Council chamber, Libraries, Go-Durban station, etc. is in progress. A report will be submitted to obtain approval for the implementation of the project before the end of the current financial year, outlining the various implementation phases and funding model
Virginia Airport	The City received an unsolicited bid from Seaworld Investment Holdings (Pty) Ltd for a 306,870m^2 mixed-use development, which was rejected. A study to establish best development scenarios has been commissioned. On completion of this, Council will open this up for public tender.	**Implementation by eThekwini Metro** The City has rejected the unsolicited bid and will invite proposals for the re-development of the site through an open tender process, following completion of the best practice development options study. A consultant has been appointed to analyse development options for the site, compile terms of reference that will inform the request for proposals for the

		tender process. An evaluation of the contractual issues related to current operators leasing the airport facilities is in progress. The conceptual report outlining development options will be submitted to Council for approval before the end of the financial year in order to obtain.
CATALYTIC PROJECTS AT PLANNING STAGE		
Project	**Description**	**Status/Progress**
Warwick Node	The R1.3 billion Warwick Precinct is the dominant public transport node within the municipality and the projects will include a proposed Berea Station Mall, a proposed taxi-holding facility, a cold room storage and the erection of a bovine head facility. Annual rates estimated at R250, 000 with 3,500 construction- and 2,670 permanent jobs.	**Implementation by eThekwini Metro** The initial urban designs and building plans for the mall and taxi facility were approved. However due to Go-Durban project and other factors, the original master plan is currently being revised to accommodate the revised Go-Durban inner city distribution routes, taxi holding facility, Student accommodation and social housing. Funding alternatives will be included as part of the submission of the revised master plan for approval during 2019
Durban Film City	The development of the R7.5 billion film studio in eThekwini will go ahead upon the conclusion of the legal battle related to the land transfer issues with the South African National Defence Force (who still own a portion of the land at the former Natal Command site). The city will try and fast-track the transfer of the land to commence construction of a motion picture, media, resort and entertainment precinct with the potential to create approximately 4,000 to 5,000 permanent jobs and attract film makers from around the world.	**Implementation by eThekwini Metro, in conjunction with Private developer** The development is currently held up by land-legal issues. The city is busy liaising with the relevant government departments as well as the developer in order to unlock these issues to effect transfer after which the relevant planning applications can be processed to enable implementation

Durban Iconic Tower	The City received a proposal from the Durban Tower Development Company in 2016 to build a R6 billion, 88-storey skyscraper near the Moses Mabhida Stadium, which would become the highest building in the southern hemisphere. It will be built over the next 5 years and become operational by 2021 should construction commence in 2018, following approval of the project. The proposed location is on the site of the Durban Country Club and the premises of the Natal Mounted Rifles. The project may serve as a potential catalyst to future large-scale development within the Durban Inner city and the greater metropolitan area.	**Implementation by Private Developer, in conjunction with eThekwini Metro** The negotiations between the Developer, Durban Country Club and the City are ongoing. Durban Country Club has a lease with the City and have expressed a willingness to partner subject to the municipality agreeing to this setup. A decision would be made, in consultation with Real Estate Unit, regarding the most appropriate process to follow having considered all factors related to the lease, proposed development and city needs.
CATALYTIC PROJECTS AT PLANNING STAGE		
Project	**Description**	**Status/Progress**
Finningley Growth Sphere	The proposed R45 billion development will include schools, universities, an airfield, as well as a mix of residential options, retail and commercial with agricultural and industrial developments. Annual rates estimated at R12 billion and approximately 27,000 permanent jobs over the 20-year development.	**Implementation by Private Developer, in conjunction with eThekwini Metro** This is classified as an All Green development. The developer's application for Act 70/70 was declined. They have approached the High Court and the hearing took place in November 2018. Currently awaiting the court's outcome. In addition to sourcing funding from Development Bank of South Africa (DBSA), the developer has also approached international funders from the USA
Illovo Auto Supplier Park	The R6.5 billion Auto Supply Park (ASP) development is a strategic economic priority for both national and provincial government. The development will accommodate at least 100 hectares of developable industrial land. The	**Implementation by Dube Trade Point (on behalf of provincial government), in conjunction with eThekwini Metro**

	approval of the South Illovo Local Area Plan will include the development of 3,792 residential homes, 1,316,207m^2 of industrial space and 51,810m^2 of commercial space. The project will create 6,000 construction and 2,600 permanent jobs.	A consultant has been appointed to complete all design planning processes. The project is currently at conceptual planning stage. Act 70/70 application submitted to provincial DAFF with letter of support from the city